

Message Text

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PAGE 01 BELIZE 00622 190454Z

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ACTION COME-00

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FM AMCONSUL BELIZE

TO SECSTATE WASHDC 3771

INFO AMEMBASSY BRIDGETOWN

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E.O. 11652: N/A

TAGS: BEXP BH

SUBJECT: MAJOR PROJECT: PORT

REF: STATE 226596 (NOTAL)

1. THE GOB IS IN THE PROCESS OF BORROWING US DOLS 5.8 MILLION FROM THE CARIBBEAN DEVELOPMENT BANK TO BUILD A "DEEP WATER" PORT IN BELIZE. UNDER THE TERMS OF THE LOAN THE GOB MUST PROVIDE 10 PERCENT OF THE LOAN AS ITS CONTRIBUTION TO THE PROJECT. THE MINISTRY OF FINANCE EXPECTS TO HAVE BIDDING DOCUMENTS READY WITHIN TWO MONTHS. THE MINISTRY REPORTS THAT A CANADIAN FIRM IS ALREADY SHOWN INTEREST IN THE PROJECT.

2. FYI. THE BELIZE PORT USERS ASSOCIATION, AN ASSOCIATION OF SHIPPERS, UNIONS, TUGBOAT AND LIGHTERMEN AND IMPORTERS, HAS TOLD THE GOB THAT THE FEASIBILITY STUDY IS FAULTY. THEIR OBJECTIONS ARE:

A. THE PROPOSED PIER WILL ONLY ACCOMMODATE TWO SHIPS OF UP TO 27 FEET DRAFT. BECAUSE THERE ARE OFTEN MORE THAN TWO SHIPS IN THE HARBOR LIGHTERAGE WILL STILL BE NECESSARY. ALSO MANY SHIPS VISITING HERE DRAW 27 FEET OR MORE, AND WILL NOT BE ABLE TO USE THE PIER.

B. NOT ENOUGH WAREHOUSE SPACE IS PLANNED. IT IS THE LACK OF WAREHOUSE SPACE, NOT LIGHTERAGE, THAT HAS CAUSED THE SHIPPING LINES SERVING BELIZE TO LEVY A 20 PERCENT CONGESTION SURCHARGE.

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PAGE 02 BELIZE 00622 190454Z

C. THE PORT USERS ASSOCIATION HAS STATED CATEGORICALLY TO THE GOB THAT THE NEW PORT WILL INCREASE CARGO HANDLING COSTS BY 100 PERCENT AND CUT EMPLOYMENT BY 50 PERCENT. THE STEVEDORES UNION NATURALLY IS NOT HAPPY ABOUT THAT PROSPECT. OVER TWO THOUSAND MEN DREW SALARIES IN THE PORT LAST YEAR, A SIZABLE PERCENTAGE OF THE MALE WORK FORCE IN A CITY OF 40,000. BECAUSE BELIZE IMPORTS SO MUCH OF ITS CONSUMER GOODS INCREASED PORT COSTS WILL CAUSE IMMEDIATE INCREASES IN THE COST OF LIVING.

D. THE PORT USERS ARE SUGGESTING INSTEAD THAT THE GOB INVEST THE MONEY IN BETTER WAREHOUSE FACILITIES AND USE THE REST FOR DREDGING IN THE EXISTING PORT (WHICH IS BADLY SILTED UP) AND TO BUILD A BREAK WATER TO PROVIDE A PROTECTED ANCHORAGE FOR FISHING VESSELS. ONE OF THE PRINCIPAL DISINCENTIVES TO MODERNIZING THE FISHING INDUSTRY IN BELIZE IS THAT THERE IS NO SHELTERED PLACE WHERE FISHING BOATS CAN TIE UP. THE FISHING COOPERATIVES, WHICH ARE POWERFUL POLITICALLY AND ECONOMICALLY, ARE NOW WORKING ON AN APPROACH TO THE GOVERNMENT PLEADING THEIR CAUSE.

3. THEREFORE, IT MAY TAKE MORE THAN TWO MONTHS BEFORE THE PORT PROJECT IS READY FOR BIDDING. THE CONSULATE GENERAL WILL INFORM THE DEPARTMENT AS SOON AS THE BIDDING DOCUMENTS ARE READY. GAWF

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